

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6506

Petition of Green Mountain Power Corporation    )  
for Approval to Issue up to \$12,000,000 of        )  
Two-Year Term Debt                                    )

Order entered: 7/24/2001

**I. INTRODUCTION**

On June 20, 2001, Green Mountain Power Corporation ("GMP" or the "Company") filed a petition (the "Petition") for Vermont Public Service Board ("Board") approval, pursuant to 30 V.S.A. § 108 to issue up to \$12,000,000 of two-year term debt pursuant to the Second Amended and Restated Credit Agreement with Fleet National Bank and KeyBank National Association (the "Credit Agreement"). The Credit Agreement also provides for a \$15,000,000 364-day revolving credit facility. The credit lines will replace secured financing facilities aggregating \$30,000,000.

GMP submitted prefiled testimony by Nancy Rowden Brock, the Company's Chief Financial Officer, Secretary and Treasurer. The Company also filed a Term Sheet dated May 11, 2001, and a copy of the Second Amended and Restated Credit Agreement, dated June 20, 2001.

The Vermont Department of Public Service ("DPS") has concluded that the proposed issuance of a maximum \$12,000,000 in two-year obligations, as provided for under the Second Amended and Restated Credit Agreement, promotes the general good of the state. The DPS's determination under 30 V.S.A. § 202(f) states that the determination does not imply approval of the capital structure resulting from the resultant capital structure, or any use of funds raised through this financing. DPS letter of July 18, 2001. The DPS also waived its rights to a hearing and to comment on the Proposal for Decision, pursuant to 3 V.S.A. § 811.

I have reviewed the petition and accompanying documents, and conclude that approval of GMP's petition pursuant to 30 V.S.A. § 108 is appropriate. Based on the evidence submitted by the Company, I hereby report the following findings of fact in accordance with 30 V.S.A. § 8.

**II. FINDINGS**

1. GMP is a Vermont corporation engaged primarily in the generation, transmission, distribution and sale of electricity and is therefore subject to the Board's general supervisory jurisdiction pursuant to 30 V.S.A. § 203. Petition at 1.

2. GMP has entered into a Second Amended and Restated Credit Agreement with Fleet National Bank and KeyBank National Association. The Credit Agreement provides for two credit facilities, an unsecured 364-day line of credit with a maximum borrowing limit of \$15,000,000, and an unsecured two-year term loan of up to \$12,000,000. The two-year term borrowings will only be available following Board consent in this proceeding. Petition at 1-2.

3. The credit facilities provided under the Credit Agreement will replace GMP's two previous secured short-term borrowing facilities, which aggregated \$30,000,000. Brock pf. at 3.

4. GMP expects the credit facilities contemplated in the Credit Agreement to meet its anticipated operating financing needs, working capital requirements, and anticipated long-term debt retirements through June 2003. Id.

5. Interest on the two-year term loan will be set at LIBOR<sup>1</sup> plus 125 basis points, with GMP having the option to swap into a fixed rate. FleetBoston Financial Term Sheet, at 2.

6. Borrowing under the Credit Agreement is not expected to materially affect GMP's cost of capital or its capital structure, and may improve the Company's financial flexibility. Brock pf. at 4.

### **III. CONCLUSIONS**

On the basis of the evidence of record, I conclude that GMP's execution of the Second Amended and Restated Credit Agreement, which provides for a \$15,000,000 364-day revolving credit facility plus the issuance of up to \$12,000,000 in two-year notes, is consistent with the general good of the State of Vermont. I thus recommend the Board grant GMP's petition pursuant to 30 V.S.A. § 108. I also recommend that this matter be decided without hearings.

In accordance with 3 V.S.A. § 811, the parties to this proceeding have waived the opportunity to comment on this Proposal for Decision.

Dated at Montpelier, Vermont, this 23<sup>rd</sup> day of July, 2001.

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1. London InterBank Offering Rate.

s/Hope G. Crifo  
Hope G. Crifo

#### IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The Findings and Conclusions of the Hearing Officer are adopted.
2. Pursuant to 30 V.S.A. § 108, consent is hereby given to Green Mountain Power Corporation to borrow up to \$12,000,000 in unsecured two-year term loans pursuant to the Credit Agreement, all as described in the findings of fact, above.
3. The two-year term borrowings provided by the Credit Agreement, as described in the findings of fact, are consistent with the general good of the State of Vermont.
4. This Order does not constitute approval of any particular capital expenditure or operating expense which may be financed under the above-described Credit Agreement. Nor does this Order imply approval of the underlying capital structure that may result from implementation of the issuance of debt under the Credit Agreement. Nothing in this approval shall preclude the Department of Public Service, the Public Service Board, or any other party from reviewing or challenging those expenditures and/or the Company's resulting capital structure in any future proceeding.

Dated at Montpelier, Vermont, this 24<sup>th</sup> day of July, 2001.

<u>s/Michael H. Dworkin</u>	)	
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_____	)	PUBLIC SERVICE
	)	
	)	BOARD
	)	
<u>s/John D. Burke</u>	)	OF VERMONT

OFFICE OF THE CLERK

FILED: July 24, 2001

ATTEST: s/Susan M. Hudson

Clerk of the Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or mail) of any technical errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us)*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.*